

Message Text

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PAGE 01 ROME 06833 171653Z

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SUBJECT: MEETING OF GOVERNMENT AND LABOR LEADERS

REF: ROME 6498

1. BEGIN SUMMARY. FOUR HOUR "SUMMIT MEETING" OF GOVERNMENT AND LEADERS OF CONFEDERATION CGIL, CISL, UIL (CCU) MAY 16 PRODUCED NO CONCRETE RESULTS THOUGH GOVERNMENT GAVE INDICATION OF WILLINGNESS TO IMPOSE AT LEAST SOME PRICE CONTROLS. RATHER, TWO SIDES HAVE AGREED TO SERIES OF MEETINGS BETWEEN LABOR LEADERS AND INDIVIDUAL CABINET MEMBERS, UNDER OVERALL AUSPICES OF BUDGET AND ECONOMIC PLANNING MINISTER GIOLITTI (PSI), IN ORDER TO ADDRESS SPECIFIC ISSUES. FOLLOWING THESE MEETINGS, TWO SIDES WILL RECONVENE NOT LATER THAN JUNE 10, PRESUMABLY TO FORMALIZE AGREEMENTS REACHED. END SUMMARY.

2. MEETING GOT OFF TO ROCKY START WHEN DISSATISFIED CCU LEADERS CAUCUSED FOR ONE HOUR FOLLOWING PM RUMOR'S INITIAL PRESENTATION OF GOVERNMENT POSITION. UPON RESUMPTION OF TALKS, HOWEVER, MATTERS LIMITED OFFICIAL USE

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PAGE 02 ROME 06833 171653Z

IMPROVED AND GRADUALLY CONGENIAL ATMOSPHERE PREVAILED. PRIMARY

UNION ISSUES WERE (1) INVESTMENTS IN THE SOUTH (2) TAX RELIEF FOR LOWEST PAID (3) "POLITICAL PRICES"--PRICE CONTROLS FOR ITEMS OF MASS CONSUMPTION AND FREEZE OF TRANSPORT FARES AND (4) TYING OF PENSION PAYMENTS TO WAGE DEVELOPMENTS.

3. GOVERNMENT PRESENTED FRANK REPORT ON ECONOMIC DIFFICULTIES BEING FACED BY NATION AND EXPRESSED WILLINGNESS, WITHIN LIMITS THUS IMPOSED, JOINTLY TO RESOLVE LABOR'S DEMANDS. THOUGH UNIONS, IN PRE-MEETING PRONOUNCEMENTS, HAD EMPHASIZED UNWILLINGNESS TO BE SATISFIED WITH ANYTHING LESS THAN CONCRETE RESULTS, LABOR CLEARLY IMPRESSED BOTH WITH CANDOUR OF GOVERNMENT PRESENTATION OF GRAVITY OF NATION'S ECONOMIC SITUATION AND ITS EXPRESSED WILLINGNESS TO TACKLE ISSUES SEEN AS MOST PRESSING. PRE-MEETING CCU POSITION ALSO PARTLY BASED ON POSTURING FOR THE MASSES.

4. MOST DETAILED GOVERNMENTAL PRESENTATION MADE BY MANCINI, MINISTER FOR FUND FOR SOUTH. HE REPORTED THAT PLANS FOR HEAVY INDUSTRY INVESTMENTS IN SOUTH CURRENTLY UNDERWAY TOTAL LIRE 8,350 BILLION (APPROX. US\$13 BILLION), OF WHICH LIRE 2,830 BILLION (\$4.5 BILLION) ALREADY IMPLEMENTED. TOTAL NEW JOBS INVOLVED AMOUNT TO 146,700 WITH 67,000 NEW JOBS TO BE CREATED THIS YEAR ALONE. THESE FIGURES INCLUDE THOSE INVESTMENTS RECENTLY NEGOTIATED BY LABOR WITH FIAT, MONTEDISON, ALFA ROMEO AND OTHER LARGE CORPORATIONS. IN ADDITION, MANCINI REPORTED THAT PLANS FOR INVESTMENTS IN THE SOUTH OF LIGHT AND MEDIUM INDUSTRIES WILL CREATE 44,000 NEW JOBS. HE CALCULATED THAT, ALLOWING FOR FAILURE TO REALIZE SOME OF PLANS NOW UNDERWAY, 170,000 NEW JOBS SHOULD BE CREATED IN THE SOUTH OVER THE NEXT FEW YEARS.

5. SUMMIT MEETING PRECEDED BY CAUCUS OF CABINET MEMBERS INVOLVED (PM RUMOR, TREASURY MINISTER COLOMBO (DC) FINANCE MINISTER TANASSI (PSDI), LABOR MINISTER BERTOLDI (PSI), MINISTER OF INDUSTRY DEMITA (DC), GIOLITTI (PSI), AND MANCINI (PSI), TO AGREE ON LINE TO TAKE WITH UNIONS. SOCIALIST MINISTERS ALSO MET SEPARATELY WITH PSI SECRETARY DEMARTINO IN ORDER TO COORDINATE PSI LINE. FOLLOWING MEETING WITH CCU LEADERS, BERTOLDI SAID TWO SIDES "FOUND THEY HAVE COMMON OBJECTIVES AND A CONVERGENCE OF EVALUATIONS."

6. CCU LEADERS MEETING TODAY WITH REGIONAL AND CATEGORY LEADERS TO REPORT ON PROGRESS MADE, EVALUATE RESULTS AND COORDINATE POLICY LIMITED OFFICIAL USE

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PAGE 03 ROME 06833 171653Z

TO FOLLOW IN ENSUING MEETINGS WITH INDIVIDUAL MINISTERS.

7. COMMENT: EFFECT OF MAY 16 MEETING IS PRIMARILY THAT GOVERNMENT HAS BOUGHT TIME. CLEARLY, NEITHER SIDE INTERESTED IN PRECIPITATING CONFRONTATION AT PRESENT. CCU WILLINGNESS TO ACCEDE TO GOVERNMENT PLAN FOR SERIES OF DISCUSSIONS MAY BE VIEWED, INTER ALIA, AS ACT OF GOOD CITIZENSHIP, BUT ALSO AS RECOGNITION OF DIFFICULTY IN MOBILIZING RANK AND FILE FOR SHOWDOWN UNDER PRESENT

CONDITIONS. CATEGORY UNIONS, WHICH GENERALLY MORE MILITANT THAN
CONFEDERATIONS, MIGHT MAKE SOME TROUBLE OVER LACK OF CONCRETE
RESULTS, BUT COMBINED EFFORTS OF LAMA, STORTI AND VANNI OUGHT TO
BE SUFFICIENT TO HOLD THEM IN CHECK, AT LEAST UNTIL JUNE 10. VOLPE

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